

## for Child and Family Advocates

---

June 1, 2010

### **House Passes FY 2011 Department of Community Health Budget**

On May 27, 2010, the House passed its version of the FY 2011 Department of Community Health (DCH) budget, which begins on October 1<sup>st</sup> of this year and ends September 30<sup>th</sup> of 2011. The Governor proposed her budget in February and the Senate passed its version of the DCH budget on March 24, 2010.

The House budget totals \$13.7 billion while the Senate budget bill totals \$13.5 billion and the Governor's totals \$14.4 billion. Of this total spending the House uses \$2.02 billion compared to the Senate's use of \$1.92 billion of state general fund dollars and the Governor's \$2.01 billion. The House budget is about 12 percent lower than the current year budget, the Senate's proposes spending about 17 percent less this year, and there is 12.5 percent less spending in the Governor's budget when compared to the current year budget.

The House budget makes significant strides toward restoration of several devastating program cuts in the current year budget by including placeholders for funding for the 0 to 3 Secondary Prevention program (early childhood collaborative grants) and the Nurse Family Partnership (NFP) program. The \$100 placeholder funding ensures that these programs will be debated during the joint House/Senate committee. The House also held the line on cuts to the Healthy Michigan Fund and local public health operations, and included language requiring the DCH to implement "express lane eligibility" for the MICHild program through the National School Lunch Act, a FY 2011 budget priority for Michigan's Children and other children's health advocates.

Although the House budget restores some cuts for vulnerable children, many programs were not restored. Among the cuts in the current fiscal year that will continue into fiscal year 2011 are:

- Elimination of funding for prenatal care outreach and service delivery support (\$3.24 million), including targeted funding for communities with high infant mortality rates.
- Elimination of funding for respite care services for children with severe emotional disturbances and their families (\$1 million).
- Significant cuts to pregnancy prevention and family planning programs (\$4 million across several budgets).
- Deep cuts to Medicaid provider reimbursement rates of 8 percent, increasing barriers to access for low-income people.

### **Summary of FY 2011 Budget Recommendations:**

#### **Medicaid:**

##### *Governor:*

- Increased funding for Medicaid services reflecting increased caseload and utilization.

- Budget language is retained requiring timely access to Early Periodic Screening, Diagnosis, and Treatment (EPSDT) and to the Maternal Infant Health Program (MIHP).
- Budget language is inserted that implements a physician quality assurance assessment program (QAAP), and further asserts that if a physician QAAP is not implemented or does not achieve sufficient revenue, then provider rates for Medicaid reimbursement are subject to be cut to achieve savings of \$98.56 million.
- Eliminates funding for the Transitional Medical Assistance Program Plus (TMAP Plus), which supports people who have left the cash welfare system with coverage (\$3.7 million). There are about 950 people whose TMA has expired.

*Senate:*

- Concurred with the Governor to increase funding for Medicaid services reflecting increased caseload and utilization.
- Concurred with the Governor to retain budget language requiring timely access to Early Periodic Screening, Diagnosis, and Treatment (EPSDT) and to the Maternal Infant Health Program (MIHP).
- Rejected the Governor's proposed budget language implementing a physician quality assurance assessment program (QAAP), and further asserting that if a physician QAAP is not implemented or does not achieve sufficient revenue, then provider rates for Medicaid reimbursement are subject to be cut to achieve savings. However, the Senate reduced Medicaid physician reimbursement rates by 4 percent except for primary care, pediatric, obstetric, and emergency services.
- Rejected the Governor's proposed elimination of coverage for the TMAP Plus population and added language allowing for 100 percent buy-in.
- Eliminated funding for coverage of caretaker relatives (\$7.7 million) and 19- and 20-year olds (\$2.1 million) effective July 1, 2011.
- Reinstated Adult Medicaid dental services, which were previously eliminated by Executive Order 2009-22.

*House:*

- Concurred with the Governor and Senate to increase funding for Medicaid services reflecting increased caseload and utilization.
- Concurred with the Governor and Senate to retain budget language requiring timely access to Early Periodic Screening, Diagnosis, and Treatment (EPSDT) and to the Maternal Infant Health Program (MIHP).
- Concurred with the Senate in rejecting the Governor's proposed budget language implementing a physician quality assurance assessment program (QAAP), and further asserting that if a physician QAAP is not implemented or does not achieve sufficient revenue, then provider rates for Medicaid reimbursement are subject to be cut to achieve savings. However, it did not agree with the Senate's recommendation to cut provider rates by 4 percent with an exception for primary care, pediatric, obstetric, and emergency services.
- Rejected the Governor's and Senate's proposals to eliminate the TMAP Plus coverage and the Senate's recommendation to allow for 100 percent buy-in. The House maintained the program as is in the current year budget.
- Rejected the Senate's elimination of coverage for 19- and 20-year olds as new federal health care reform maintenance of effort requirements prohibit such action.
- Concurred with Senate recommendations to reinstate Adult Medicaid dental services, which were previously eliminated by Executive Order 2009-22.

## **MiChild:**

### *Governor:*

- Increased funding for MiChild from \$50 million to \$53 million to cover increased caseload and utilization.
- Increased funding for reimbursements for MiChild dental services, which was required by the federal Children’s Health Insurance Program Reauthorization (CHIPRA) (\$394,700 GF; \$1.65 million total).
- Budget language is retained requiring DCH to continue a comprehensive approach to the marketing and outreach of MiChild.
- Provided no expansion of eligibility or services as allowed under CHIPRA.

### *Senate:*

- Concurred with the Governor to increase funding for MiChild from \$50 million to \$53 million to cover increased caseload and utilization.
- Concurred with the Governor to increase funding for reimbursements for MiChild dental services, which was required by the federal Children’s Health Insurance Program Reauthorization (CHIPRA) (\$394,700 GF; \$1.65 million total).
- Concurred with the Governor to retain budget language requiring DCH to continue a comprehensive approach to the marketing and outreach of MiChild.
- Transferred the responsibility for MiChild to Medicaid HMOs to save \$2.19 million.
- Provided no expansion of eligibility or services as allowed under CHIPRA.

### *House:*

- Concurred with the Governor and Senate to increase funding for MiChild from \$50 million to \$53 million to cover increased caseload and utilization.
- Concurred with the Governor and Senate to increase funding for reimbursements for MiChild dental services, which was required by the federal Children’s Health Insurance Program Reauthorization (CHIPRA) (\$394,700 GF; \$1.65 million total).
- Concurred with the Governor and Senate to retain budget language requiring DCH to continue a comprehensive approach to the marketing and outreach of MiChild.
- Rejected the Senate’s proposal to save \$2.19 million by transferring the responsibility for MiChild to Medicaid HMOs.
- Provided no expansion of eligibility or services as allowed under CHIPRA; however, the House inserted boilerplate language taking advantage of “express lane” eligibility provided by CHIPRA by requiring the DCH to automatically enroll a child in MiChild if the child meets the income criteria for free breakfast, lunch, or milk under the National School Lunch Act.
- Inserted new language that would require the DCH to redetermine MiChild mental health rates based on the most recent encounter data and pay CMHSPs rates sufficient to cover the cost of providing care.

## **Public health programs for children and families:**

### *Governor:*

- Decreased funding for the Healthy Michigan Fund (HMF) by \$291,000 to reflect reduced revenue and eliminated HMF funding for the “Talk Early, Talk Often” pregnancy prevention program (\$39,900).

- Decreased funding for local public health operations by \$2.7 million for \$37 million total funding.
- Eliminated the donated dental program (\$125,000).
- Continuation funding for local maternal and child health (MCH) services at \$7 million.
- Continuation funding for the sudden infant death syndrome program at \$321,300.
- Continuation funding for local family planning agreements at \$9 million.
- Increased funding for the Plan First family planning waiver from \$8.78 million to \$11.27 million to reflect rising caseload, utilization, and inflation.
- Decreased funding by 8 percent for the foster grandparent volunteer program from \$2.4 million to \$2.2 million.
- Eliminated funding for the Arthur Hill High School and Mumford High School clinics (\$164,000).

*Senate:*

- Decreased funding for the HMF from \$10.9 million to \$5.9 million, and rolled up the fund into one line-item requiring the DCH to make allocations to local communities.
- Limited the Governor's proposed funding decrease for local public health operations to \$1 million to fund at a total of \$39 million.
- Restored funding for the donated dental program (\$125,000).
- Concurred with the Governor to continue funding for local maternal and child health (MCH) services at \$7 million.
- Concurred with the Governor to continue funding for the sudden infant death syndrome program at \$321,300.
- Concurred with the Governor to continue funding for local family planning agreements at \$9 million.
- Concurred with the Governor to increase funding for the Plan First family planning waiver from \$8.78 million to \$11.27 million to reflect rising caseload, utilization, and inflation.
- Concurred with the Governor's recommendation to decrease funding by 8 percent for the foster grandparent volunteer program from \$2.4 million to \$2.2 million.
- Rejected the Governor's elimination of funding for the Arthur Hill High School and Mumford High School clinics (\$164,000).

*House:*

- Rejected the Senate's recommendation to further reduce HMF funding, maintaining it at the current year level of \$10.9 million, and rejecting the proposal to roll the fund into one line-item.
- Rejected the Governor's and Senate's proposal to reduce funding for local public health operations and maintained funding at current levels.
- Concurred with the Senate to restore funding for the donated dental program (\$125,000).
- Concurred with the Governor and Senate to continue funding for local maternal and child health (MCH) services at \$7 million.
- Concurred with the Governor and Senate to continue funding for the sudden infant death syndrome program at \$321,300.
- Concurred with the Governor and Senate to increase funding for the Plan First family planning waiver from \$8.78 million to \$11.27 million to reflect caseload, utilization, and inflation.
- Rejected the Governor's and Senate's proposal to reduce funding for the foster grandparent volunteer program by \$194,000.
- Concurred with the Governor to eliminate funding for the Arthur Hill High School and Mumford High School clinics (\$164,000).

- Inserted placeholders for the 0 to 3 Secondary Prevention and Nurse Family Partnership programs. These programs were eliminated in the Executive Order 2009-22 and will now be points for discussion in conference committee between the Senate and House.
- Included new funding of \$50,000 for public and provider awareness and education about stillbirth.
- Included new language that would require the DCH to identify counties in which there are an insufficient number of health professionals providing obstetrical and gynecological services and identify policy and/or fiscal measures considered necessary to address the shortage.

**Children's Special Health Care Services:**

*Governor:*

- Increased funding for the Children's Special Health Care Services (CSHCS) of \$3.86 million GF based on a 2.9 percent caseload increase for FY 2011 and a 3.3 percent increase in the current year budget.
- Expanded services to families at 300 percent of the federal poverty level beginning October 1, 2010. This expansion was originally planned to begin October 1, 2009.
- Elimination of funding for genetic counseling (\$40,000) and human growth hormone therapy (\$2 million) for Title-V eligible families.

*Senate:*

- Concurred with the Governor to increase funding for the Children's Special Health Care Services (CSHCS) of \$3.86 million GF based on a 2.9 percent caseload increase for FY 2011 and a 3.3 percent increase in the current year budget.
- Concurred with the Governor to expand services to families at 300 percent of the federal poverty level beginning October 1, 2010. This expansion was originally planned to begin October 1, 2009.
- Concurred with the Governor to eliminate funding for genetic counseling (\$40,000) and human growth hormone therapy (\$2 million) for Title-V eligible families.

*House:*

- Concurred with the Governor and Senate to increase funding for the Children's Special Health Care Services (CSHCS) of \$3.86 million GF based on a 2.9 percent caseload increase for FY 2011 and a 3.3 percent increase in the current year budget.
- Concurred with the Governor and Senate to expand services to families at 300 percent of the federal poverty level beginning October 1, 2010. This expansion was originally planned to begin October 1, 2009.
- Rejected the Governor's and Senate's recommendation to eliminate funding for genetic counseling (\$40,000) and human growth hormone therapy (\$2 million) for Title-V eligible families.
- Restored funding for non-emergency transportation (\$1.18 million) and diaper and incontinent supplies (\$1 million) for Title-V eligible families, which were eliminated in the fiscal year 2010 budget.
- Inserted new language that would require the DCH to request that families complete a Healthy Kids application if DCH determines that a CSHCS enrollee is likely to qualify for Medicaid or MICHild. If the application is not completed within three months, the enrollee will be ineligible for participation in the CSHCS program.

## *Mental health services:*

### *Governor:*

- Elimination of funding for the Child Care Enhancement Program (CCEP) (formerly known as the Child Care Expulsion Program) (\$1 million).
- Decreased funding for mental health multicultural services by 20 percent from \$6.82 million to \$5.46 million.
- Continuation funding for the children with serious emotional disturbances waiver program at \$7.18 million.
- Increased funding of \$60 million to increase Medicaid provider capitation payment rates by 3 percent to meet state requirement.
- Continuation funding for mental health protection and advocacy services at \$194,400, which is 75 percent lower than the FY 2009 budget.
- Increased funding for mental health family support subsidies from \$18.6 million to \$19.5 million to reflect caseload increases.
- Decreased non-Medicaid community mental health administrative funding by \$3.8 million, which is a 1.3 percent reduction.

### *Senate:*

- Concurred with the Governor to eliminate funding for the Child Care Enhancement Program (CCEP) (formerly known as the Child Care Expulsion Program) (\$1 million).
- Rejects the Governor's proposal to decrease funding for mental health multicultural services and increases funding by \$50,000 to the Chaldean Cultural Center.
- Concurred with the Governor to continue funding for the children with serious emotional disturbances waiver program at \$7.18 million.
- Concurred with the Governor to increase funding of \$60 million to increase provider capitation payment rates by 3 percent as required.
- Concurred with the Governor to continue funding for mental health protection and advocacy services at \$194,400, which is 75 percent lower than the FY 2009 budget.
- Concurred with the Governor to increase funding for mental health family support subsidies from \$18.6 million to \$19.47 million to reflect caseload increases.
- Concurred with the Governor to decrease non-Medicaid community mental health administrative funding by \$3.8 million and cuts an additional \$54 million from non-Medicaid CMH for a total cut of \$57.5 million, which is a 20 percent reduction.

### *House:*

- Rejected the Governor's and Senate's recommendation to eliminate funding for the Child Care Enhancement Program (CCEP) (formerly known as the Child Care Expulsion Program) (\$1 million).
- Concurred with the Senate in rejecting the Governor's proposal to decrease funding for mental health multicultural services. Rejects the Senate's recommendation to increase funding by \$50,000 to the Chaldean Cultural Center.
- Concurred with the Governor and Senate to continue funding for the children with serious emotional disturbances waiver program at \$7.18 million.
- Concurred with the Governor and Senate to increase funding of \$60 million to increase provider capitation payment rates by 3 percent as required by the state to ensure that rates are actuarially sound.

- Concurred with the Governor and Senate to continue funding for mental health protection and advocacy services at \$194,400, which is 75 percent lower than the FY 2009 budget.
- Concurred with the Governor and Senate to increase funding for mental health family support subsidies from \$18.6 million to \$19.47 million to reflect caseload increases.
- Concurred with the Governor to decrease non-Medicaid community mental health administrative funding by \$3.8 million and rejects the Senate's proposal for further reductions.

**Women, Infant and Children Nutrition program (WIC):**

*Governor, Senate, & House:*

- Concurred to increase funding for the Women, Infant and Children Nutrition program (WIC) from \$236.5 million to \$253.8 million to cover both an increase in need and rising food costs.

The Budget Watch Project is generously funded by the Detroit-based Skillman Foundation. For more information about the state budget or the Budget Watch project of Michigan's children, visit Michigan's Children's website at [www.michiganschildren.org](http://www.michiganschildren.org).